

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-11 NEA-10 ADP-00 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 PM-09 H-02 L-03 NSC-10

PA-03 PRS-01 SS-15 USIA-12 IO-12 CEA-02 STR-08 INRE-00

RSR-01 INT-08 AGR-20 /201 W
----- 024974

P 100900 Z APR 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 4 331

INFO AMEMBASSY KABUL PRIORITY

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USADB

FOR NAC AGENCIES

E. O. 11652: ADS, DECLAS 6-10-73

TAGS: EAID, EFIN, AF

SUBJECT: PROPOSED ADB LOAN FOR HELMAND VALLEY DEVELOPMENT
ROAD IN AFGHANISTAN

REFA. KABUL 1748

B. MANILA 2099

C. TREASURY P 121934 Z FEB 73

SUMMARY: ADB MANAGEMENT PROPOSES \$14.9 MILLION EQUIVALENT
LOAN FROM SPECIAL FUNDS TO AFGHANISTAN TO FINANCE FOREX
COSTS OF 266 KM HELMAND VALLEY DEVELOPMENT ROAD. USADB
RECOMMENDS FAVORABLE NAC ACTION. TO BE CONSIDERED BY
BOARD WED 18 APRIL.

1. ADB DOC R32-73 WITH ATTACHMENTS DESCRIBING PROPOSED
LOAN POUCHED ADDRESSEES APRIL 3. BOARD CONSIDERATION
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SCHEDULED WED APRIL 18.

2. ADB MANAGEMENT PROPOSING \$14.9 EQUIVALENT LOAN FROM SPECIAL FUNDS RESOURCES TO KINGDOM OF AFGHANISTAN. PROCEEDS TO FINANCE FOREX COSTS OF DEVELOPING 266 KM OF ROAD, WITH ASSOCIATED FACILITIES, BETWEEN YAKCHAL ON THE KANDAHAR- HERAT ROAD, THROUGH LASHKARGAH AND DESHU, TO A POINT 24 KM BEYOND LATTER. TO INCLUDE COSTS OF CONSULTANTS SERVICES. PROPOSED TERMS ARE 30 YEAR AMORTIZATION INCLUDING 8 YEAR GRACE PERIOD, 1 1/2 PERCENT INTEREST. KINGDOM OF AFGHANISTAN TO BE BORROWER, MINISTRY OF PUBLIC WORKS THE EXECUTING AGENCY.

3. PROPOSED ROAD TO LINK UPPER HELMAND VALLEY MORE EFFECTIVELY TO THE HERAT- KANDAHAR SEGMENT OF NATIONAL PRIMARY HIGHWAY SYSTEM AT YAKCHAL. UPPER HELMAND VALLEY, FED BY HELMAND AND ARGHANDAB RIVERS IS CULTIVATED IN IRRIGATED STRIPS ONLY FEW KM WIDE ALONG ONE OR BOTH SIDES OF RIVER. DEVELOPMENT OF VALLEY BEGAN 1930 WITH CONSTRUCTION OF BOGHRA CANAL, BUT SUBSTANTIAL DEVELOPMENT CAME WITH THE CONSTRUCTION, BUT MORRISON- KNUDSEN USING 1950 AND 1954 U. S. EX- IM LOANS, OF STORAGE RESERVOIRS ON HELMAND (KAJAKAI DAM) AND ARGHANDAB (ARGHANDAB DAM) RIVERS, TO PARTIALLY EVEN OUT EXTREME SEASONAL VARIATIONS IN WATER FLOW. ALSO, MAJOR CANALS WERE CONSTRUCTED TO CARRY WATER TO FARM LANDS TO SOUTH, AND ROADS, A SMALL HYDRO PLANT, AND EXTENSIVE IRRIGATION AND DRAINAGE SYSTEMS WERE BUILT.

4. HELMAND- ARGHANDAB VALLEY AUTHORITY (HAVA) RESPONSIBLE FOR PLANNING, EXECUTING AND SUPERVISING MAJOR DEVELOPMENT PROGRAMS IN VALLEY, AND HAS BEEN EXTENSIVELY ASSISTED BY USAID, ESPECIALLY IN DEVELOPING IRRIGATION SYSTEMS AND AGRICULTURAL EXTENSION. HAVA HAS DIVIDED VALLEY INTO OPERATIONAL ZONES DEVELOPED SUCCESSIVELY. HAVA NOW CONCENTRATING ON INCREASED OUTPUT FROM AREA THROUGH HIGHER YIELDS, DOUBLE CROPPING, AND WIDER USE OF IMPROVED SEED. HAVA ALSO EXTENDING IRRIGATION AND OPENING NEW AREAS, AS WELL AS IMPROVING DRAINAGE IN SOME OF EXISTING SYSTEMS. PROPOSED NEW SPILLWAY GATES AT KAJAKAI DAM TO INCREASE ITS STORAGE CAPACITY BY TWO- THIRDS TO IMPOUND MORE FLOOD WATER. FEASIBILITY OF KAJAKAI GATES PROJECT ASSESSED BY ADB TA PROJECT AND MAY BE PROPOSED FOR ADB FINANCING LATER, IN CONJUNCTION WITH PROPOSED CHAKHANSUR PROJECT. LIMITED OFFICIAL USE

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JECT.

5. EFFECTIVE IMPLEMENTATION HAVA'S DEVELOPMENT PROGRAM, REQUIRES BETTER ACCESS TO IRRIGATED AREAS AND BETTER INKING OF PRODUCERS TO MARKETS, ESPECIALLY IN TWO SOUTHERMOST ZONES, DARWESHAN AND KHANNASIN, THE LATEST AND LEAST DEVELOPED, AND FARTHEST FROM HAVA HEADQUARTERS AT LASHKARGAH. PROPOSED PROJECT TO PROVIDE ROAD FOR THIS PURPOSE AS FOLLOWS: SURFACE WITH ASPHALT EXISTING 51 KM GRAVEL ROAD YAKCHAL TO LASHKARGAH; CONSTRUCT TWO-LANE 215 KM ROAD FROM LASHKARGAH TO 24 KM BEYOND DESHU (SOUTHERN EDGE OF KHANNASIN ZONE), GRAVEL SURFACED EXCEPT THAT FIRST 52 KM OUT OF LASHKARGAH TO BE ASPHALT SURFACED; ABOUT 14 KM OF IMPROVED EARTH FEEDER ROAD TO LINK ROAD TO BRIDGES AT DARWESHAN (EXISTING) AND KERTAKA (TO BE BUILT) AND THEREBY TO IRRIGATED AREAS ACROSS RIVER; TWO-LANE BRIDGE AT DESHU AND ONE-LANE BRIDGE AT KERTAKA, BOTH ABOUT 200 M ACROSS HELMAND RIVER; AND ABOUT 20 KM IN FOURR IMPROVED EARTH FEEDER ROADS GIVING ACCESS TO SHAMELAN ZONE.

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INFO OCT-01 EA-11 NEA-10 ADP-00 CIAE-00 PM-09 H-02 INR-10

L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

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AGR-20 RSR-01 INRE-00 /201 W

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P 100900 Z APR 73

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6. ROAD CONSTRUCTION AND MAINTENANCE DEPT (RCMD) TO BE RESPONSIBLE FOR IMPLEMENTING PROJECT, THROUGH INDEPENDENT PROJECT MANAGER HEADING PROJECT MANAGEMENT OFFICE TO BE ES-

TABLISHED IN LASHKAGAR. \$9.76 MILLION ESTIMATED FOR FOREIGN EXCHANGE COST OF ROAD WORKS, \$0.77 FOR FEEDER ROADS, \$0.87 FOR BRIDGES, AND \$1.54 FOR CONSULTANT SERVICES. ASSUMES FOREIGN CONSTRUCTORS AND 72 PERCENT FOREIGN EXCHANGE COMPONENT OF CONSTRUCTION WORKS. WORKS TO BE DIVIDED INTO APPROPRIATE SECTIONS TO ATTRACT LARGE NUMBER OF CONTRACTORS AND ENCOURAGE LOCAL CONTRACTORS. IF LATTER SUCCESSFUL, FOREIGN EXCHANGE COMPONENT TO BE FINANCED BY LOAN WOULD BE LOWERED TO 59 PERCENT OF CIVIL WORKS COSTS. FOR JOINT FOREIGN/ LOCAL VENTURES, AN AGREED FIGURE WOULD BE USED. CONTRACTS TO BE AWARDED ON UNIT PRICE BASIS; CONTRACTOR TO PROVIDE ALL EQUIPMENT AND MATERIALS. CONTRACTORS TO BE PREQUALIFIED BY BANK-APPROVED PROCEDURES, AND CONTRACTS AWARDED ON BASIS OF INTERNATIONAL COMPETITIVE BIDDING AMONG CONTRACTORS FROM MEMBERS CONTRIBUTING SPECIAL FUNDS, IN ACCORDANCE WITH BANK'S GUIDELINES FOR PROCUREMENT.

7. CONSULTANTS TO PROVIDE DETAILED ENGINEERING, PREPARE TENDER LIMITED OFFICIAL USE

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DOCUMENTS, ASSIST TENDER EVALUATION, SUPERVISE CONSTRUCTION AND PREPARE PLANS FOR MAINTENANCE OF ROAD. CONSULTANTS MUST HAVE BOTH EXPERTISE AND CONSIDERABLE EXPERIENCE IN ROAD DESIGN AND CONSTRUCTION IN DESERT AREAS. CONSULTANTS TO BE ASSISTED BY SEVEN FULL-TIME ENGINEERS AND TECHNICIANS FROM RCMD BUT OTHERWISE TO PROVIDE OWN VEHICLES, EQUIPMENT, INSTRUMENTS AND SUPPORT SERVICES. RECRUITMENT TO BE IN ACCORDANCE WITH BANK'S GUIDELINES ON USES OF CONSULTANTS.

8. PROJECT OUTGROWTH OF ADB \$48,500 TA PROJECT FOR PROJECT PREPARATION, APPROVED BY BOARD MAY 1972. PROPOSED PROJECT FOLLOWS CONSULTANTS' RECOMMENDATIONS EXCEPT THAT THEY; RECOMMENDED TERMINATION 34 KM BEYOND DESHU (ADB MISSION FOUND FARMLANDS EXTEND ONLY 24 KM BEYOND DESHU); RECOMMENDED TWO FERRIES (BRIDGES FELT TO BE ADEQUATE UNTIL 1990); AND PROVIDED FOR NO FEEDER ROADS. RATE OF RETURN ON PROPOSED PROJECT ESTIMATED 16.8 PERCENT.

9. SUPPORT ADVICE REF A THAT U. S. FIRMS SHOULD BE INFORMED ABOUT PROJECT AND PURSUE POSSIBLE ROLE, ESPECIALLY IN CONSULTANT CONTRACT.

10. USADB BELIEVES PROJECT WILL ASSIST IN HIGH PRIORITY DEVELOPMENT OF UPPER HELMAND VALLEY AND AUGMENT AND SUPPORT U. S. ASSISTANCE EFFORTS THERE. APPRAISAL REPORT CONSISTENT WITH OBSERVATIONS OF MOSHER USADB WHEN IN AREA JAN. ESTIMATES OF RATE OF RETURN APPEAR CONSERVATIVE. USADB SUPPORTS PROPOSAL AND RECOMMENDS FAVORABLE NAC ACTION.

11. REQUEST KABUL COMMENTS FOR NAC AGENCIES, INFO USADB
MANILA, PURSUANT TO STATE 119795 DTD 3 JULY 1972.
BYROADE

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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